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Inside Energy

February 9, 2004

Domenici overhauls bill, challenges House on MTBE

With the blessing of Republicans in the Senate, Sen. Pete Domenici has decided to overhaul the comprehensive energy bill passed by a House-Senate conference committee last year and offer the Senate by month's end a pared-down version of the legislation that would be substantially less expensive.

A spokeswoman for Domenici, R-N.M., said the revised energy bill would simply be a "leaner version of the same bill." Six to $10 billion is expected to be cut from the bill. A senior House Republican aide said no tax provisions would be deleted, but that Domenici would reduce their overall cost by changing when they "sunset."

The $31-billion bill energy conference report (H.R. 6) was blocked in the Senate in late November over its cost and a controversial MTBE provision giving producers of the gasoline additive immunity from defective product lawsuits. Domenici has been unable since then to gain enough support to overcome a filibuster of the bill, led by Democrats but backed by several Republicans, and threatened budget points of order. The senator needed 60 votes to overcome both, but has not even gained one net vote since the November vote.

The Energy and Natural Resources Committee chairman told reporters Tuesday he had completed drafting the new proposal, which is now being scored by the Congressional Budget Office, and that it would omit the MTBE provision and "substantially reduce" the cost of the bill. Some House Republicans remain steadfastly opposed to removing the MTBE provision, despite its threat to the

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DOE seeks suits for revitalized Idaho national lab

The Energy Department last week moved closer to transforming its Idaho National Engineering and Environmental Laboratory into a premier nuclear energy lab as it issued draft requests for proposals for two contracts to operate the facility.

"The new Idaho National Laboratory will be the epicenter of our efforts to expand the use of nuclear energy as a reliable, affordable and clean energy source for our nation's energy future and establish opportunities for Idaho businesses, its people and universities," Energy Secretary Spencer Abraham said in a statement Thursday.

Potential teaming partners have until March 3 to comment on the draft RFPs, which envision one contract for management of the lab's nuclear energy r&d programs and a second contract for management of its cleanup. DOE said it would seek advice from the public, including companies and other organizations interested in bidding on the contracts, on how to "maximize competition" for them.

The proposed contracts are expected to generate substantial interest among contractors, many of them already active in DOE research and environmental programs at other department facilities. Plans for the Idaho competitions also come as DOE prepares to seek bids later on several other labs, including Los Alamos National Laboratory (*IE*, 2 Feb, 11).

DOE said it plans to issue final RFPs for the Idaho lab in early April, with proposals due in early June and awards expected in November. Each contract would take effect on Jan. 31, 2005.

The nuclear r&d contract, DOE said, would run for five years, with options to

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CONTRACT OPPORTUNITIES

Livermore lab offers technologies

Feb. 3 — Lawrence Livermore National Laboratory offered licenses to two technologies developed at the Energy Department lab: "heatsinks" made of silicon that cool integrated circuits and X-ray optics used in biomedical research and nuclear medicine. In Federal Business Opportunities notices (FBO65-04, FBO66-04), LLNL said it would accept inquiries on the technologies until March 5. Contact: Connie Pitcock, (925) 422-1072; pitcock1@llnl.gov.

Perma-Fix gets $962K contract

Feb. 3 — West Valley Nuclear Services Co. has awarded Perma-Fix Environmental Services a $962,000 contract to treat sodium contaminated wastewater that resulted from high-level waste generated at the West Valley Demonstration Project in New York, the company announced. Perma-Fix and South Carolina-based subcontractor RWE NUKEM in June plan to begin treating the wastewater generated from solidifying HLW at the site overseen by the Energy Department. "This project is unique in that Perma-Fix had previously participated in treatability studies to address the special nature of this waste and has worked closely with West Valley Nuclear Services to develop a solidification treatment system that will result in a waste acceptable for disposal," Perma-Fix said. DOE is responsible for the solidification of HLW generated at the site, treatment and disposal of low-level and transuranic wastes, as well as decommissioning facilities there. The wastewater is classified as a mixed LLW. The material will be shipped to a DOE disposal site, the company said. Contact: Louis Centofanti, (404) 847-9990.

Lab reports gains on Web-based demand-response system

Researchers at Lawrence Berkeley National Laboratory said last week they have wrapped up a successful trial run of an Internet-based system designed to avoid blackouts and help large electricity users cut their bills — without utility operators or building managers having to lift a finger.

The test was designed to "explore how a utility, an ISO [independent system operator] or the grid might communicate in the future" with customers to manage electricity use in large buildings whenever blackouts or excessive electricity demand threaten the grid, or when high prices might encourage large power users to reduce their energy use, Berkeley lab scientist and project principal investigator Mary Ann Piette said.

The experiment involved five large buildings — all of which use different computer programs to handle their energy operations — that were tied into the Berkeley lab's system for triggering load shedding, also known as load control and demand response, which involves reducing electricity demand in response to rising prices or requests to curtail use in response to power emergencies. "The basic idea was to see whether we could fully automate load shedding," Piette said in an interview Tuesday.

Working with the company Infotility, the lab used a two-way communications language known as XML to send fictitious price signals through the Web to "gateway boxes" attached to the different energy-management systems in the buildings — an Albertsons grocery store, a Bank of America office building, a Roche biotechnology facility in Palo Alto, Calif., the University of California at Santa Barbara library and the Ronald Dellums Federal Building in Oakland, Calif.

After some initial glitches, researchers succeeded in shedding load at all five buildings in response to price increases. "We've demonstrated that many different types of systems can listen to a common XML signal and initiate coordinated load control using the Internet," said Piette, who works in the Berkeley lab's

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BUDGET

Hydrogen r&d, nuclear waste budgets get big boost from Bush administration

The federal government would spend substantially more money in FY-05 on nuclear waste disposal and defense programs under the $24.3-billion Energy Department budget proposed by the Bush administration last week.

The DOE budget proposal, which proposes a 4.5% overall spending increase over last year, includes substantial new spending for a bevy of presidential priorities, including nuclear weapons security, clean coal r&d, accelerated environmental cleanup, nuclear waste disposal at Yucca Mountain and hydrogen programs. It cuts areas such as nuclear energy r&d, science and various fossil energy and energy efficiency programs.

Energy Secretary Spencer Abraham said funding increases would "hasten the cleanup of the Cold War environmental legacy, … construct a permanent nuclear waste repository at Yucca Mountain, … deliver on essential nuclear-related defense requirements, … [and] provide for energy security by exploring the promise of hydrogen and fusion … ."

The DOE budget proposal was not subject to the kind of sharp spending cuts faced by other federal agencies, partly because of the emphasis the president has placed on defense and security programs the department operates.

Abraham argued that the accelerated cleanup effort over the long-term would help reduce the federal deficit, which was projected at $521 billion this year. Accelerated environmental cleanup will cut long-term costs "by at least $50 billion," Abraham said.

In the meantime, short-term DOE spending would rise.

The National Nuclear Security Administration budget would grow to $9 billion from $8.7 billion in FY-04; environmental cleanup spending would jump to $7.4 billion from $7 billion; nuclear waste disposal would rise more than 50% to $880 million from $577 million; and the president's Hydrogen Fuel Initiative to $228 million from $159 million.

Margaret Chu, director of DOE's Office of Civilian and Radioactive Waste Management, told reporters that the $880 million for Yucca Mountain would allow the project to transition to a licensing stage after 20 years and $7 billion of scientific study. The request represents "one of the most significant and long-standing commitments" for the agency, she said. DOE plans to submit a license application for repository construction to the Nuclear Regulatory Commission in December, and hopes to begin shipping waste to the Nevada site in 2010.

Chu called the FY-05 budget request "critical" for the project, as it would allow her office to begin the integration of repository and waste acceptance readiness activities as well as transportation infrastructure activities.

Also as part of the budget, DOE proposed to take "off budget" for Yucca Mountain about $750 million annually that nuclear generators pay each year into the Nuclear Waste Fund. Abraham, referring to a lawsuit filed by utilities against DOE over that money, said "the money would be fenced off from being used for other DOE programs or other government programs." There is a bill pending before Congress that would do just that (H.R. 3429), and Abraham said the administration would send its proposal to Capitol Hill this year.

Yucca Mountain spending is expected to be among the major areas of dispute in this year's energy appropriations fight in Congress (*related story p.XX*).

On the less controversial side, the Energy Efficiency and Renewable Energy division budget would rise by $15.3 million to $1.25 billion. Assistant Secretary David Garman said the fact that EERE would get more money in FY-05 than fossil and nuclear programs combined is indicative of the balance in DOE's energy approach. "When someone suggests to you that 'You don't have a balanced approach,' you'll understand why I chafe at that," Garman said.

Total renewable energy supply spending would go up by $17 million to $374.8 million, weatherization and state programs would jump by $55.5 million to $364 million and energy conservation would drop by $2 million to $876 million.

Fuel cell and hydrogen technologies would grow 24% to $492 million from $396 million in 2004; industrial technologies, biomass and non-fuel cell vehicle research would be cut by a combined $68 million.

Fossil energy spending would drop $75.7 million to $729 million, but a substantial increase, $108 million, would go into the Clean Coal Power Initiative. To offset the cost, r&d into distributed generation fuel cells, natural gas and petroleum technologies, and other fuels would be slashed by a combined $100 million.

Nuclear energy would see a $4.7 million rise in spending to $409.5 million, but the administration would cut r&d by $34 million in favor of $40 million for an advanced hydrogen-producing reactor to be built at the Idaho National Engineering and Environmental Laboratory. — *Daniel Whitten, Shawn Terry*

Yucca Mt. hike, science cuts roil congressional debate on DOE budget

The Bush administration's FY-05 budget was greeted with disdain and grim acceptance by members of Congress who questioned presidential priorities and acknowledged the difficulty of passing election year spending bills constrained by a huge federal deficit.

Energy issues expected to take center stage in spending battles are the Yucca Mountain nuclear waste repository, nuclear energy r&d, and proposed cuts in science. DOE officials voiced concern that money intended for important programs will be plucked out of the agency spending proposal and directed toward local pork-barrel projects that they say offer the country little in the way of long-term gains.

Budget disputes between the White House and members of Congress are an annual rite of passage. But this year promises to be particularly contentious.

Democrats already are highlighting their disapproval of the president's overall performance by ripping his $2.4-trillion budget proposal. Republicans will attempt to perform a delicate balancing act of supporting the president politically, imposing fiscal discipline and securing spending for their districts.

"This is a $2.4-trillion budget," Senate Budget Committee Chairman Don Nickles, R-Okla., said Tuesday. "That is a lot of money; that is a lot of programs; that is a big challenge. And we're saying for a whole lot of that budget it can't grow. And so this is going to be a challenge for Congress."

Nickles added that the short legislative year because of elections means that budget and appropriations work must be done as quickly as possible.

The president has proposed $24.4 billion in spending for the Energy Department (*related story p.3*). Most controversial is the $880 million that would go toward Yucca Mountain. But also drawing the ire of members is the $33.9-million cut in nuclear energy r&d and a $68-million cut in the science program.

Sen. Harry Reid, D-Nev., ranking member on the Senate Appropriations subcommittee on energy and water development, who every year fights to cut Yucca spending, said he had "trouble comprehending" how the president could spend close to $1 billion on Yucca Mountain in one year. He called the Bush budget "totally irresponsible," and added, "if this weren't such a serious, serious matter, it would be laughable."

Sen. Pete Domenici, R-N.M., chairman of the energy and water development subcommittee, said the president's budget request slashed too much money from the Army Corps of Engineers and nuclear energy r&d, and would spend too much money on Yucca Mountain.

"It's not good," Domenici said of the president's budget. "It's really bad for the Corps of Engineers and also for Yucca. They want us to raise a whole bunch of money and then spend it on Yucca." The budget request makes a 13% cut in Army Corps spending.

Rep. John Larson, D-Conn., ranking member of the House Science subcommittee on energy, said, "The administration continues to ignore the deteriorating conditions in our national labs … . Energy supply research programs — programs designed to develop alternatives to petroleum and coal-based energy generation — are barely up by 1%. Taken together, this does not look like a path toward energy independence."

Against the backdrop of congressional grousing over the president's budget request, DOE officials said that if Congress would leave the budget requests intact, energy issues would be adequately accounted for.

David Garman, DOE's assistant administrator for energy efficiency and renewable energy, said earmarks consumed 50% of his office's budget this fiscal year. The earmarks forced DOE to lay off eight scientists at the National Renewable Energy Laboratory in favor of contract administrators who are expected to oversee earmarked spending projects, he said.

"We all are being burdened with significant earmarks," Garman said. "The real innovation, the breakthrough scientific work is being done … with the dollars that are not earmarked."

Jimmy Glotfelty, director of DOE's office of Electric Transmission and Distribution, said earmarks, which accounted for 38% of his office's budget in FY-04, went "too far." He added that projects spelled out by Congress such as burning used carpets in cement kilns are not helping the department ensure the reliability of the electricity grid.

House Appropriations Committee Chairman C.W. Bill Young, R-Fla., made it clear that Congress may not share the administration's priorities.

"We will be carefully scrutinizing the administration's new initiatives and proposed funding increases to see if we can afford them in a lean budget year," Young said. "They will have to be reconciled with proven programs and traditional congressional priorities." — *Daniel Whitten*

Science office funding would fall 2%; fusion, hydrogen research would gain

Representatives of the Energy Department's Office of Science maintain that their budget would increase in real dollars in the coming fiscal year — even though on paper the office would suffer a 2% budget cut — because the funding reduction would be more than offset by the expiration of congressionally mandated research projects.

Overall, the science office budget would fall about $68 million in FY-05 from about $3.5 billion to $3.43 billion. But when $72 million slated for earmarked projects is excluded from FY-04, funding for DOE non-defense science would rise about 2.2%, according to department figures. "These are projects that Congress had added to our obligations. They are one-time directed funding," said Science Director Raymond Orbach.

Budgets for most science office programs would remain flat or increase only slightly in FY-05, and in some cases funding within programs would be shifted from one activity to another. Fusion energy research, for instance, would grow just 0.6% from $262.5 million to $264.1 million. But DOE's fusion program faces a major overhaul, as the president's budget would shift $30 million from current experiments to r&d on the proposed international fusion reactor experiment known as ITER. Meanwhile, long-term fusion technology programs, which received $3.1 million in FY-04, would be terminated.

In addition, science office funding for the majority of DOE laboratories and dedicated facilities would be reduced (*see chart p.5*).

Among the big winners in the science budget were basic energy sciences and advanced computing. Basic energy, which would receive a 5.2% funding increase to $1.06 billion, stands to benefit from a $21-million boost in funding for hydrogen fuel r&d.

The $49-million hydrogen r&d budget would be divided about evenly among production, storage and use. Production would include examining the potential of photovoltaic electrolysis, photoelectrical chemistry — what Orbach called "harvesting light" to generate hydrogen — artificial photosynthesis and thermochemical splitting, which involves lowering the operating temperatures for hydrogen production from 900° Celsius to about 600° Celsius.

R&d on hydrogen storage would focus on making lighter materials and constructing onboard storage systems that would allow vehicles to generate and store hydrogen. Hydrogen use research would focus on developing better fuel cells using ionic conductors, which work at lower temperatures than other materials, as well as oxidation and membranes.

Biological and environmental funds would be cut $139 million, or 21%, but DOE officials noted that congressional directed projects — most of them for medical research — accounted for $140 million in spending in FY-04. Without these earmarks, BER funding would grow a modest $898,000 to $501 million, a 0.2% increase.

Other programs would fare worse. The science's office budget for laboratory infrastructure would take a particularly hard hit, with its funding cut almost in half from $54.2 million to $29 million. "This is something of concern," Orbach acknowledged. A sizeable chuck of these funds is directed to user facilities at DOE's Brookhaven and Lawrence Berkeley national laboratories, he said. The department is now looking closely at third-party financing mechanisms, in which the faith and credit of the contractor is used to pay for infrastructure, though this takes longer to pay off.

Orbach expressed general satisfaction with funding levels for science. "Given budget stringencies, we regard this as an excellent budget," he told reporters Monday.

Democrats and Republicans alike reacted skeptically to the science office budget, including DOE's claim that the office would not face funding reductions.

Sen. Pete Domenici, R-N.M., chairman of the Senate appropriations subcommittee on energy and water development, said he was "disappointed that the Office of Science took a 2% cut, especially in light of specific guidance from my energy and water development appropriations subcommittee to do just the opposite."

Domenici, who also chairs the Senate Energy and Natural Resources Committee, added that he considered the decision by DOE's energy resources programs to "decimate nuclear energy r&d short-sighted."

Rep. John Larson, D-Conn., top Democrat on the House Science subcommittee on energy, charged that the Bush administration "continues to ignore the deteriorating conditions of our national labs — submitting a request that reduces infrastructure funding by 46%. These labs are at the heart of our energy research enterprise."

Kei Koizumi, director of r&d budget and policy programs for the American Association for the Advancement of Science, said the FY-05 budget request follows the pattern of flat funding for the science office over the past decade.

"What's striking is that it's pretty much flat funding for everyone" aside from basic energy sciences, he said in an interview Thursday. This trend of providing essentially the same amount of money for science each year could eventually interfere with DOE's timetables for constructing and upgrading new facilities over the next two decades, he added.

The president's budget request for DOE science falls far short of the $4.2 billion authorized in the energy bill, which passed the House but stalled in the Senate, Koizumi noted. The energy bill, for instance, would authorize $349 million in FY-05 for fusion energy research — $85 million more than the budget request. — *David Jones*

DOE labs, facilities take budget hit in FY-05

The majority of Energy Department labs and dedicated facilities would see their non-defense science funding reduced under the president's FY-05 proposed budget:

- Ames Laboratory, $2 million cut (-9.7%, $20.76 million to $18.74 million)
- Argonne National Laboratory, $622,000 increase (+0.2%, $249.96 million to $250.58 million)
- Brookhaven National Laboratory, $16.76 million increase (+6.1%, $274.79 million to $291.55 million)
- Fermi National Accelerator Laboratory, $3.5 million increase (+1.2%, $303.56 million to $307.06 million)
- Princeton Plasma Physics Laboratory, $3 million cut (-4.1%, $73.74 million to $70.74 million)
- Idaho National Engineering and Environmental Laboratory, $328,000 increase (+4.7%, $6.93 million to $7.26 million)
- Lawrence Livermore National Laboratory, $4.1 million cut (-8.3%, $50.13 million to $45.98 million)
- Los Alamos National Laboratory, $12.5 million cut (-17.3%, $72.3 million to $59.79 million)
- National Renewable Energy Laboratory, $1.29 million cut (-22.1%, $5.85 million to $4.56 million)
- Lawrence Berkeley National Laboratory, $13 million cut (-4.3%, $313.59 million to $300 million)
- Stanford Linear Accelerator Centers, $46.69 million increase (+21.1%, $221 million to $267.75 million)
- Oak Ridge National Laboratory, $51 million cut (-13%, $398.8 million to $346.91 million)
- Thomas Jefferson National Accelerator Facility, $4.29 million cut (-4.6%, $92.62 million to $88.33 million)
- Pacific Northwest National Laboratory, $6.3 million cut (-5.6%, $114.52 million to $108.14 million)
- Sandia National Laboratories, $6.5 million increase (+9.9%, $66 million to $72.5 million)
- Westinghouse Savannah River, $572,000 cut (-67.5%, $848,000 to $276,000).

Source: Energy Department

Environmental cleanup budget at peak as DOE looks to push quicker closures

The Bush administration's $7.4-billion request for the Energy Department's Environmental Management division in FY-05 is the biggest budget ever sought for the office responsible for cleaning up former nuclear weapons defense sites, and $426 million more than Congress appropriated for it this year.

The budget request reflects the "peak year" of DOE's investment strategy for accelerating cleanup of radioactive contamination and hazardous waste remaining at 34 of 114 sites in 31 states and one U.S. territory, Energy Secretary Spencer Abraham said at a budget briefing Monday. Officials acknowledge, however, that the largest and most challenging site cleanups lie ahead.

The program is better equipped today to handle those issues than it was more than three years ago when Assistant Secretary for Environmental Management Jessie Roberson began weaving new reforms into an organization that had an estimated cleanup tab of $350 billion and 75 years worth of work.

"We are doing what we told you we were going to do and the results are truly bookable," Roberson said Monday, maintaining the administration's accelerated cleanup effort would save $51.4 billion over time while reducing the total cleanup schedule by at least 35 years. Those achievements would help DOE meet its goal of completing all cleanups by 2028, 40 years sooner than the department's previous estimates and at least $100 billion below previous costs.

The reform effort has focused on transferring to other offices activities that are not part of EM's mission. It has also included developing technology to speed cleanup projects and improve performance.

"Questions were raised about carrying out safety while accelerating our program," Roberson said. "Performance demonstrates we can accelerate work and improve safety. We have incorporated innovation, implementing project and mission controls, while maintaining strong partnerships with our stakeholders."

The effort has brought results, officials said. In FY-04, DOE emptied nine spent nuclear fuel storage basins: three at the Idaho National Engineering and Environmental Laboratory, two at the Savannah River Site in South Carolina and one at the Hanford Site in Washington. It has also reduced or nearly eliminated special nuclear materials at INEEL, the Mound Closure Project in Ohio and the Oak Ridge Nuclear Reservation in Tennessee. The Rocky Flats Closure Project in Colorado has shipped all of its plutonium off site and has closed its last nuclear material access area. Officials hope to complete cleanup of the Fernald Closure Project in Ohio, Rocky Flats and Mound by December 2006.

"We will continue to sharpen our focus and that's a must," Roberson said.

Under DOE's plans, the National Nuclear Security Administration's Defense Nuclear Nonproliferation program in FY-05 would assume responsibility for the collection and storage of "sealed source" waste, formerly an EM task. In addition, the Bush administration budget proposes establishing a new Office of Future Liabilities in FY-05 that would be responsible for establishing a long-term disposal plan for the material. DOE is requesting $8 million for the office.

The proposed budget would provide Hanford $2.1 billion, a 2% increase from the FY-04 level. Rep. Doc Hastings, R-Wash., chairman of the House Nuclear Cleanup Caucus and a senior member of the House Budget Committee, said the request would allow cleanup progress to continue at Hanford.

The department's Savannah River Site would receive $1.3 billion, roughly the same amount Congress appropriated in FY-04. The proposed budget for the Oak Ridge Reservation is $549 million, a 5.4% increase from the $520 million in FY-04.

The proposed cleanup budget for INEEL is $437 million, a 24% reduction from the FY-04 appropriation of $576 million.

Here is how other sites would fare under the proposed budget compared to their FY-04 appropriations:

- Rocky Flats, $667 million in FY-05, down from $680 million in FY-04;
- Los Alamos National Laboratory in New Mexico, $121 million, up from $114 million;
- Lawrence Livermore National Laboratory in California, $55 million, up from $48 million;
- The Nevada Test Site, $80 million, up from $70 million;
- Fernald, $321 million, down from $326 million;
- The Waste Isolation Pilot Plant in New Mexico, $204 million, up from $183 million;
- The Paducah Gaseous Diffusion Plant in Kentucky, $164 million, down from $196 million;
- The Miamisburg Closure Project in Ohio, $99 million, up from $98 million;
- The West Valley Demonstration Project in New York, $75 million, down from $101 million. — *Shawn Terry*

Funding for DOE community programs being phased out; decision criticized

Funding has been all but eliminated in FY-05 for community reuse organizations, Bob Baney, deputy director for the Energy Department's Office of Worker and Community Transition, said last week.

The $2.5 million requested Monday for the office's transition activities in FY-05 would be used for workers' pension benefits and educational training at two sites in Ohio and one in Colorado that are expected to complete environmental cleanup and closure work by December 2006, Baney said.

"Our proposed budget is $2.5 million in FY-05, and it looks like the community reuse organization side of the program is coming to a halt." Congress this fiscal year created the Office of Legacy Management and added activities of Baney's transition office to it.

The CROs are comprised of officials from local groups and communities near former nuclear weapons sites. Several representatives said last week the FY-05 funding should support their efforts to mitigate downsizing and restructuring of the workforce at closure sites.

"My issue is a broader one than just economic development in these communities," Seth Kirshenberg, executive director of the Energy Communities Alliance, a coalition of elected officials in communities near DOE cleanup sites, said in an interview Wednesday.

The elimination of provisions in cleanup contracts that once mandated financial support for local economic development and job creation strikes at the heart of the issue, he said. "Those things are disappearing from those contracts. If the goal is to downsize and President Bush talks about creating jobs, they are stopping a lot of assistance to communities," Kirshenberg said.

David Abelson, executive director of the Rocky Flats Coalition of Local Governments, said his organization could be out of business in the next year if the DOE budget proposal is approved by Congress. "Are they are trying to eliminate the CROs?" he asked. The coalition annually gets about $300,000 from DOE.

A spokesman for Rep. Mark Udall, D-Colo., called "short sighted" the department's attempt to slash CRO funding and vowed to try to add funding for the organizations.

"We are still early in the budget process, but Udall is going to continue to push for funding for the organizations that deals with cleanup of these sites, particularly at Rocky Flats," the spokesman said Wednesday. "When energy and water [appropriations bill] does come to the floor, I anticipate there will be some fights over this money."

Congress appropriated $15 million for CRO work in FY-04 and $8 million in FY-03.

According to Baney, DOE since 1993 has made $275 million available to CROs.

"We are getting less and less money and that can't continue forever and Congress has decided that," he said. "If they give us more funds, we'd make them available to the CROs."

Among the other CROs grappling with a fiscally strapped budget include the Regional Development Corp. at the Los Alamos National Laboratory; the CRO in Albuquerque, N.M.; one in Carlsbad, N.M.; and the CRO comprised of eight northern Indian Pueblo Councils in New Mexico.

"I know some of the CROs are desperate," Baney said. "As far as funding wise from DOE, it's bare bone or zero. The CROs are going to have to start planning for staff reductions and how they can look for other sources for income if they are going to continue to operate." — *Shawn Terry*

BLM plans fee increase to help pay for faster drilling permit reviews

The Bureau of Land Management is proposing a $4-million increase in fees paid by oil, natural gas and coal companies that lease federal lands in order to help meet increasing demand for development permits, especially permits for coalbed methane. The increase, part of the record $11-billion budget proposed by the Bush administration for the Interior Department in FY-05, would help BLM continue efforts to expedite consideration of applications for permits to drill, the agency said.

"The BLM energy and minerals program has received significant funding increases in recent years in response to the increasing demand for natural gas and, in particular, coalbed natural gas, including increases for processing applications for permits to drill and for inspection and enforcement activities," Interior said last week.

The FY-05 proposal for the energy and minerals program — $837.4 million — would enable BLM to keep that account at approximately the $839.8 million it received in FY-04.

"The BLM will implement regulations to increase current user fees, primarily for leasing-related actions, to reflect the total cost of the service provided … ," Interior said.

The proposed budget also includes an $800,000 increase for BLM's land and realty management program that would be used to process permits for renewable energy development and for rights-of-way for both renewable and non-renewable energy resources.

In all, BLM would receive $2.9 billion in FY-05, $604.3 million more than it got this fiscal year. Most of the increase is attributable to southern Nevada land sales, on which the bureau would spend an additional $507.7 million next fiscal year.

The proposed $11-billion budget for Interior in FY-05 represents a $250.2-million increase over the department's FY-04 funding. Among the major reasons for the budget growth are proposals to hike funding for Indian trust reforms by $113.6 million and funding for cooperative conservation by $84.2 million.

The Minerals Management Service includes streamlining its offshore operations and more closely assessing methane hydrate potential among its initiatives under a proposed $282.4-million budget for FY-05. The budget represents a $12-million increase over the agency's FY-04 level.

OCS Connect, an e-government initiative, would receive $4.3 million more next fiscal year to continue to expand Internet-based connections linking MMS with the private sector and the public. The program helps speed exchanges of information between companies and the agency as well as the agency's analysis of data.

"The long-term result is that offshore oil and gas resources will be available more quickly," Interior said.

More for methane hydrates

MMS plans to double its methane-hydrates budget from $300,000 to $600,000 in FY-05. The agency would use $200,000 to begin a tract-specific hydrate assessment to determine the fair-market value of the resource once production is feasible. It would use $400,000 to complete the first phase of a two-year study examining the potential environmental impacts of recovering methane hydrates.

The proposed budget for MMS includes $1.9 million to support Gulf of Mexico technologies. "In order to ensure that MMS is receiving optimal value on lease permits, it must keep pace with the private sector, which has embraced and developed new technologies to meet the increasing challenge of competition in exploring for petroleum resources," Interior said.

Among the innovations planned by MMS is a three-dimensional visualization room that would allow more accurate interpretation of seismic data, Interior said.

"The request also includes additional [geological interpretive tools] training, workstation-ready well logs, and seismic data management," the department said. "These technologies are routinely available to the private sector in making fair market value determinations."

Interior, one of the biggest moneymakers in the federal government, estimates it will collect $4.7 billion in rents, bonuses and royalties from oil and gas production on the Outer Continental Shelf in FY-05, $168.2 million more than it expects to raise this fiscal year.

The department projects $2.3 billion in onshore rents, bonuses and royalties from oil, gas and coal development in FY-05, $86.4 million more than its estimate for this fiscal year.

All told, Interior expects to raise $10.1 billion from assorted fees and royalties in FY-05, up $946.7 million from estimates for this fiscal year. — *Bill Loveless*

CONGRESS

With Tauzin leaving, Barton expected to lead powerful House energy panel

Rep. Joe Barton, a close ally of President Bush who has been one of the key architects of comprehensive energy legislation the last two congresses, appears poised to become chairman of the powerful House Energy and Commerce Committee and has the endorsement of its outgoing leader, Rep. Billy Tauzin.

Tauzin, R-La., informed House Speaker J. Dennis Hastert, R-Ill., Tuesday that he would resign as chairman of the panel Feb. 16 and leave Congress at the end of the year.

"With his announcement, I am now actively seeking to be his successor to the chairmanship, and am flattered to have his endorsement," Barton said in a statement Wednesday. Barton also indicated he had "positive meetings" about the opening Tuesday evening with Hastert and fellow Texas Republican Rep. Tom DeLay, the House majority leader.

"I am in the process of speaking individually with each of the Steering Committee members, and hope for their support," Barton said. No schedule has been set for the steering committee, spokesmen for Hastert and DeLay said.

Tauzin, a 24-year veteran of the committee and its chairman for the past three years, said he was retiring because of health reasons and a desire to spend more time with family and friends. Last year, he played a key role in shepherding the energy bill (H.R. 6) through a House-Senate conference committee, where it had died under his leadership in 2002. The 2003 conference report remains stalled in the Senate and is in the process of getting an overhaul from its Senate sponsor (*related story p.1*).

Barton, since becoming chairman of the since-renamed energy and power subcommittee in 1999, has been one of the House's leading players on energy policy. Prior to the California and Enron crises, which sapped congressional support for electricity restructuring, he sponsored deregulation bills that never got through the full committee. He has remained opposed to giving broad new powers over electricity markets to the Federal Energy Regulatory Commission.

In 2002 and 2003, he drafted the key policy portions of what became the House energy bill. Barton has been a big proponent of increased energy production from all sources, and has worked specifically to raise electricity generation from coal and nuclear power. He has also been one of the biggest supporters of the Yucca Mountain Project.

Energy industry officials described Tauzin's announcement as a new wrinkle in ongoing efforts to salvage the broad energy bill this year. Tauzin's departure may mean the House will be more receptive to paring down costly tax incentives in the legislation, one industry source said, adding, however, that Barton "is second to none in his defense of the MTBE provision," which the Senate wants to remove.

"Essentially I don't think there will be much change," said Jaime Steve of the American Wind Energy Association on Barton. "There might be more attention paid to beefing up transmission."

If Barton's widely speculated elevation comes to pass, Rep. Ralph Hall, R-Texas, who last month changed parties, has thrown his hat in the ring to be chairman of Barton's energy and air quality subcommittee.

A Hall spokeswoman said Wednesday that the 12-term congressman had received support from House members and industry groups and that "he would be honored" to serve as the subcommittee's chairman.

One source told *Inside Energy* that Tauzin informed his staff that Reliant Resources lobbyist C.H. "Bud" Albright Jr. would be named staff director of the House Energy and Commerce Committee if Barton succeeds him as chairman. Albright is vice president for federal relations at Reliant, which said recently it would close its Washington lobbying shop. Previously, he was chief oversight counsel to the committee when former Rep. Thomas Bliley, R-Va., was chairman.

— Michael Schmidt, Bill Loveless, Daniel Whitten, Catherine Cash

Pombo proposes using ANWR money to pay for highway reauthorization bill

Rep. Richard Pombo last week suggested using revenues from possible oil and gas leasing in the Arctic National Wildlife Refuge to pay for highway construction and transportation infrastructure improvements.

Pombo, R-Calif., chairman of the House Resources Committee, noted that the Bush administration projects $2.4 billion in ANWR leasing revenues.

The House and Senate have begun debate on separate highway bills, but their cost is a big concern and possible obstacle to enactment. House Transportation Committee Chairman Don Young's $375 billion proposal has drawn a veto threat from the White House even though the bill has yet to hit the House floor.

"The House has repeatedly passed legislation which would reopen for energy exploration 2,000 acres" of the refuge, Pombo said in a letter Wednesday to Young, R-Alaska. "[T]his would provide $2.15 billion in new revenues to the federal treasury. In addition, if energy is discovered, the legacy for transportation that could be derived from any royalties would be substantial."

The administration's FY-05 budget has earmarked $1.2 billion from ANWR leasing revenues for alternative energy program. However, none of that money would be available if Congress fails to authorize leasing in ANWR.

Pombo pointed out that the House has passed legislation that would open ANWR to leasing. The Senate, however, has repeatedly rejected ANWR leasing.

Domenici overhauling bill, wants to beat Daschle to the punch … *(from page 1)*

whole energy bill and a call from President Bush to do so. Removing the MTBE liability waiver "will lose as many votes as they seek to gain," said a spokesman for Rep. Tom DeLay, R-Texas, its chief proponent. The spokesman argued the energy conference report was "carefully arrived at" and should not be amended, despite the Senate's apparent intransigence.

Domenici said he did not expect any changes to the energy bill's electricity title, which includes mandatory reliability rules. His spokeswoman said tax credits for energy production would be reduced. Sen. Trent Lott, R-Miss., said Monday Senate Republicans had decided to cut from the energy bill billions in costs added late in the conference process. He said the credits added $6 billion to the bill's price tag and were "excessive."

Domenici said he would attempt to attach the proposal to a transportation bill (S. 1072) now on the Senate floor, but his spokeswoman said he would "offer the [new proposal on the floor] as many times as he has to" this year to get energy legislation enacted. Senate Finance Committee Chairman Charles Grassley, R-Iowa, said an international tax bill (S. 1637) he has sponsored was also a potential vehicle for Domenici's proposal.

The House Republican aide said Domenici was trying to head off a Democratic proposal that would combine the popular electric reliability provisions and a 5-billion gallon ethanol mandate in H.R. 6.

Should the Senate attach the revised energy bill to S. 1072, the aide said House Republicans would respond by attaching the House-passed version of H.R. 6 to the chamber's highway bill (H.R. 3550). That version included controversial items, including authorizing drilling in the Arctic National Wildlife Refuge.

The House has not taken up a highway bill, but is expected to pass one this year. Passage by both chambers would require a conference committee to reconcile differences, which could force Republicans to again debate rival House and Senate energy plans, as well as the underlying legislation.

Majority Leader Bill Frist, R-Tenn., advocated moving the energy bill onto the highway bill Jan. 30 after House Republicans told their Senate colleagues they would not agree to an MTBE-less energy bill, according to sources.

Some Senate Republicans and the White House are not wholly supportive of attaching energy legislation to the highway bill, controversial in its own right.

"We should keep the energy bill clean," said Senate Budget Committee Chairman Don Nickles, R-Okla.

Nickles said Domenici could reduce the bill's tax credits by $6 billion "and take out MTBE [liability waiver] and we'd be close to getting an energy bill passed." Nickles is one of several GOP senators who opposes H.R. 6's $23.5 billion tax title and has been advising Domenici to slash its cost. Congress authorized $18 billion for the bill last year.

Another way to try to get the energy bill through the Senate would be to pass the conference report "and simultaneously another bill that includes the changes," Nickles said.

Senate Minority Leader Thomas Daschle, D-S.D., said he would prefer to see only "transportation-related amendments" to the highway bill. Sens. Jeff Bingaman, D-N.M., and Byron Dorgan, D-N.D., last week advocated passing pieces of the energy bill.

The House Republican aide said supporters of the stalled energy conference report are concerned that if an energy amendment is attached to the highway bill, and both chambers approve the legislation, the conference committee could result in much infighting between GOP members. Besides an expected battle over MTBE, he said he expected another battle between Grassley and House Ways and Means Committee Chairman Bill Thomas, R-Calif. The pair tied up the energy bill for weeks last fall while they debated the tax title.

Also, Senate Environment and Public Works Committee Chairman James Inhofe, R-Okla., and House Transportation Committee Chairman Don Young, R-Alaska, would lead the highway bill negotiations and would have considerable influence on the energy bill, he said.

Grassley opened the door to energy amendments on the transportation bill last week when he attached during a Finance Committee markup a proposal he has championed that would reform gasoline taxes to provide more money to the Highway Trust Fund and create two new ethanol credits.

Domenici's energy amendment is still expected to have to overcome one budget point of order because of costs associated with the electricity reliability rules in H.R. 6. Nickles Tuesday reluctant to hold the bill up over reliability costs. "I'm not troubled by that [provision]," he said. "Grid changes, security changes on electricity are one of the strongest parts of the bill."

— Michael Schmidt

ELECTRIC POWER

Southern governors say FERC may be overstepping authority to push RTOs

A group of Southern governors told President Bush and members of Congress last week that the Federal Energy Regulatory Commission is moving ahead with actions on regional transmission organization development that clearly overstep its jurisdictional authority.

In separate letters delivered Tuesday to the White House and Senate Energy and Natural Resources Committee Chairman Pete Domenici, R-N.M., and House Energy and Commerce Committee Chairman Billy Tauzin, R-La., the governors said pending FERC action on American Electric Power's decision to join the mid-Atlantic transmission grid and potential action on a new market power test the commission is mulling "will coerce RTO participation, pre-empt state law, and exceed the commission's own statutory authority."

The letter was signed by Govs. Haley Barbour (Miss.), Kathleen Blanco (La.), Michael Easley (N.C.), Ernie Fletcher (Ky.), Bob Holden (Mo.), Mike Huckabee (Ark.), Sonny Perdue (Ga.), Mark Sanford (S.C.) and Bob Wise (W.Va.).

According to the governors, FERC's decision to order hearings into whether state actions in Virginia and Kentucky have thwarted AEP's decision to join PJM Interconnection could be a "precedent to pre-empt any state law requiring a finding of net public interest on transmission issues and to mandate its own vision and definition of an RTO throughout the country."

The governors also said the commission's pending action on its supply margin assessment market power screen could also "be an attempt to coerce the utilities in the Southern region to join RTOs."

FERC unveiled the SMA test in late 2001 and said it would not apply to utilities that joined RTOs. However, the commission has not taken any action on the proposal and has not enforced penalties on companies — including Entergy, Southern Company, and AEP — that have failed the screen.

'Risky' SMD strategy, too

Separately, a group of state officials say FERC is continuing to pursue "risky" restructuring proposals that could implement aspects of its controversial standard market design proposal.

The Alliance of State Leaders Protecting Electricity Consumers said late last month it believes Congress clearly signaled an intent to slow down market reform in a comprehensive energy bill (H.R. 6) that has yet to pass.

In letters to staff members of the Senate Energy and Natural Resources Committee and House Energy and Commerce Committee, the alliance said FERC is analyzing more than 10 cases that could force the formation of RTOs or preempt state jurisdiction. The "proceedings that would compel or coerce RTO participation, implement aspects of SMD, and preempt or interfere with state authority," the alliance said in Jan. 28 letters.

The commission's "pursuit of its risky restructuring proposals through regulatory means violates both the spirit and letter" of the electricity title contained in the energy bill, the group added. The energy bill, which would stay FERC's SMD proceedings until 2007 and encourage voluntary RTO participation, failed to pass Congress last year.

Like the southern governors, the alliance charged that the supply margin assessment is geared to "coerce" RTO participation. — *Rob Thormeyer*

Court strikes down EPA rule, orders plants to use 'closed-cycle' cooling

A federal appeals court has ruled that new power plants must use closed-cycle systems, which reduce water intake and impact on fish to cool their facilities.

In its decision Tuesday, the U.S. Court of Appeals for the Second Circuit of New York struck down part of an Environmental Protection Agency rule that allowed plants to continue using "once-through" cooling as long as the owners take other steps to restore fish populations.

Many power plants have traditionally used once-through cooling that continually draws water from a river or other source to cool boilers and other equipment and then discharges the water used for cooling. In contrast, closed-cycle cooling recirculates water and expels the heat through cooling towers, reducing water intake by 95%, advocates said. That cuts down on the number of fish trapped, and also reduces the damage caused by injecting hot water back into the river or other source. Most new plants use this technology, which is more expensive.

Under a 2001 rule, EPA allowed plants to use once-through cooling, as long as they also employ measures that maintain fish and shellfish populations "at a substantially similar level" to that achieved by restricting water intakes. However, the court ruled that EPA "exceeded its authority by allowing compliance … through restoration methods."

The court upheld EPA's decision not to require dry cooling, which is the most expensive approach, but said states may require dry cooling on their own.

ENVIRONMENTAL CLEANUP

DOE issues final plan for Hanford Site, and Wash. critics line up in opposition

The Energy Department last week released its final environmental impact statement for the Hanford Site, laying out options for managing solid radioactive waste at the complex in Washington.

DOE issued a draft EIS last year but revised it substantially due to concerns raised by environmental groups and lawmakers that it failed to address how much waste will be handled at Hanford. The 4,000-page document shows current inventories of Hanford waste, what will be generated during environmental cleanup activities and what could come to Hanford from other sites.

Critics of the draft EIS continued to raise concerns with the final version last week.

Heart of America Northwest, a nuclear watchdog group, said the final EIS proposes shipping 70,000 truckloads of radioactive waste that will be buried at Hanford.

"This is a dangerous scheme to make Hanford a national radioactive waste dump, and the way to stop it is to pass Initiative 297," Gerald Pollet, the group's executive director said in a statement, referring to a pending Washington state ballot initiative.

The initiative was certified by Washington Secretary of State Sam Reed last week, clearing the way for the state Legislature to approve it or send it to the ballot for a public vote in the state's general election in November. It would prohibit DOE from sending waste from other states to Hanford until all existing waste as the site is cleaned up.

Washington state Sen. Pat Hale said in an interview that the state Legislature is planning to refer the Hanford initiative to the state's natural energy and resources committee and hold at least one hearing on it. "We want to fully air the debate on this and educate people on what it means," she said.

Some critics of the initiative have questioned the constitutionality of it. "If the legislature defeats it here [in committee], it would be a compelling argument against the initiative to appear on the ballot," Hale said. "We want to do this the right way because we believe this is the wrong approach to do this."

The waste issue involves national trade-offs, Hale said. "We stand to gain so much more by shipping the waste out of the state, and at the most importing eight million curies" into the state. "It makes no sense and could stall negotiations at the federal level."

"We have 405 million curies on site now. The most we would take in under the EIS is 8.3 million curies, but we will ship off the Hanford Site 375 million curies, so 90% of the radioactivity we have now will be leaving the site forever," a spokeswoman for DOE's Richland, Wash., office said Wednesday.

Pollet said these quantities of waste would "double the amount" of waste buried at Hanford (*IE*, 12 Jan, 7). There are about 75,000, 55-gallon drums of waste buried there.

That waste will ultimately be shipped off the site for disposal elsewhere includes spent fuel, plutonium, transuranic waste, radioactive tank waste, cesium and strontium capsules, the Richland spokeswoman added.

The soonest DOE could issue a record of decision is 30 days from Friday (Feb. 13), when it plans to publish the document in the *Federal Register*. The EIS is available at *http://www.hanford.gov/eis/eis-0286D2/index.cfm. — Shawn Terry*

Feds slap Kaiser-Hill with $522k fine for safety violations at Rocky Flats

The Energy Department last week issued the third-largest penalty ever under the 1988 Price-Anderson Enforcement Act, proposing to fine Kaiser-Hill Co. $522,500 for alleged nuclear safety rule violations at the Rocky Flats Closure Project near Denver.

The proposed penalties were for a May fire in a glovebox undergoing decommissioning, a March ventilation airflow reversal that spread radioactive material and a March 2003 incident that released radioactive contamination, DOE said in a statement Thursday.

The preliminary notice of violation said DOE investigators had identified deficiencies with radiological controls, procedural compliance, training of the workers and failure to apply "effective corrective actions to address previous similar issues."

Kaiser-Hill, the DOE contractor responsible for cleaning up and closing the former plutonium production site by December 2006, has taken "timely corrective actions" on one of the violations, which persuaded DOE to reduce the proposed penalty, the department said.

"As we get closer to reaching the cleanup, we must remain focused on the safety of our workers and the environment. … We recognize there is always room for improvement and we will continue to work with Kaiser-Hill on addressing these actions," a site spokeswoman said Thursday. Kaiser Hill has the option to respond to the notice in 30 days. The fine is the largest DOE has issued at Rocky Flats, she added.

The fine was issued by DOE's Office of Price-Anderson Enforcement. The Price-Anderson law requires the agency to take regulatory enforcement actions against contractors for violations of its nuclear safety requirements

"If we are going to successfully complete this project, we must maintain our safety vigilance," Rocky Flats Manager Frazer Lockhart said in a statement.

The notice is at *http://www.eh.doe.gov/enforce*.

N.M. agency plans to fine Energy Dept. for lab safety violations at Los Alamos

The New Mexico Environment Department plans to fine the Energy Department $854,000 for allegedly violating state hazardous waste management regulations at the Los Alamos National Laboratory, officials said.

The proposed penalty was for violations exposed during an inspection by NMED in December 2001, according to the agency's secretary, Ron Curry. NMED cited the lab for mislabeling drums containing mixed waste, failed hazardous waste determinations, and for safety violations.

"I hope that this sends notice to LANL that NMED is catching up on enforcement actions that have been left unaddressed for far too long," he said in a statement.

Curry said he has redirected enforcement resources from DOE's Waste Isolation Pilot Plant, near Carlsbad, N.M., to LANL "to reflect [NMED's] priorities at this time."

"I expect the highest level of environmental compliance and protection from LANL," Curry said. "Unfortunately, the lab has not met this mark in the past. I will continue to take vigorous enforcement action whenever necessary to make sure the lab lives up to the promises it has made to the people of New Mexico."

LANL, operated by the University of California, has 30 days to request a hearing on the penalty..

FEDERAL LANDS

Changes sought in Interior program that reclaims abandoned coal mines

The Bush administration is proposing a major overhaul of the Interior Department's Abandoned Mine Land program that would focus funding for reclamation on old coal mine sites in the East and would cut by more than half the time needed to complete that work.

The proposal comes as the AML fund, which was set up under the 1977 Surface Mining Control and Reclamation Act, approaches its expiration date on Sept. 30. The administration is calling for a reauthorization of the program that would extend it by 14 years and calculate awards to states according to their historic coal production rather than their current production.

"The Abandoned Mine Land program has made thousands of Americans living in the coalfields safer," Interior Secretary Gale Norton said last week in a statement accompanying the administration's FY-05 budget for Interior, which outlines the AML proposal. "But the job is not finished; this is our opportunity to ensure not only that the job will be completed, but completed on average 22 years sooner and in some cases, several decades sooner, at a savings of $3.2 billion."

Sen. Arlen Specter, R-Pa., Tuesday introduced legislation (S. 2049) supporting the administration's AML proposal. Rep. John Peterson, R-Pa., filed a comparable bill (H.R. 3778) in the House Wednesday.

The proposal did not play well in Wyoming, the largest coal-producing state, which would see most of the future fees paid by its coal producers spent on reclamation projects in the East. Rep. Barbara Cubin, R-Wyo., plans to pressure the administration for changes in the plan. "While the state would get past shares [of the AML fund] that it is owed, future money would be shipped East," a Cubin spokesman said Tuesday. "That's a non-starter as far as she's concerned."

SMCRA established the fund with fees paid by coal miners on each ton of coal they produce. The money is used to finance reclamation of mine lands abandoned before enactment of the law. A portion of the interest that accrues on unused fees is transferred to the United Mine Workers of America to help finance miner health costs.

Interior's Office of Surface Mining, which administers the program, estimates that $3 billion in reclamation work will remain when authority for the AML fund expires in September. A recent OSM study found that 3.5 million Americans live less than one mile from health and safety hazards created by abandoned coal mines.

The administration proposal, which was detailed in legislation offered to Congress last week, would extend authority for the fee to 2018, reduce the amount collected and direct funding to what OSM considers "the most serious problems" among abandoned coal mines.

"There is a fundamental imbalance between the goals established by the 1977 act and the requirements for allocating funds under the act," OSM said. "The statutory allocation formula limits the ability of the AML program to meet its primary objective of abating AML problems on a priority basis. The majority of grant funding, or 71%, is distributed to states on the basis of current production. Yet there is no relationship between current production and the magnitude of the AML problem in each state."

"As a result," OSM said, "some states have completed reclamation on all of the abandoned coal mine sites or are working on low-priority sites, while others are still decades away from completing reclamation of the most critical high-priority sites."

The administration's FY-05 budget would spend $243.9 million from the AML fund, an increase of $53.3 million from the FY-04 level.

In addition, the administration proposes to distribute to states over 10 years, beginning in FY-05, money that has accumulated in the AML fund but has not been distributed as of September. Wyoming is owed more than $400 million in such funds, far more than any other state.

The AML fee paid by coal miners would be reduced under the administration proposal to match anticipated expenditures, OSM said. The proposed changes would reduce fees 15% for five years starting with FY-05, 20% for the next five years, and 25% for the remaining years through FY-18. The reduction would provide savings to consumers of coal and coal-generated electricity, the agency said.

The proposal would also provide more money for UMW health benefits. It would remove an existing $70-million cap on the amount of AML fund interest that can be transferred to the union annually.

OSM Director Jeff Jarrett said in an interview last week that the administration proposal includes provisions that would ensure Wyoming is repaid what it is owed over a 10-year period, beginning with a $42-million disbursal in FY-05. He also noted that the proposal seeks to remove some of the "strings" attached to receipt of these monies. For instance, states are now required to use the funds only for projects related to mining activities. Under the proposal, they would be permitted to allocate the monies wherever they see fit. — *Bill Loveless*

Green groups target Army Corps permit in bid to derail Wyo. CBM production

A coalition of environmental groups is asking a federal judge in Wyoming to suspend a U.S. Army Corps of Engineers permit giving exploration-and-production companies broad latitude to drill for oil and natural gas in the state.

Judge William Downes of the U.S. District Court for the District of Wyoming heard testimony last week on a motion to grant a preliminary injunction preventing the Corps from enforcing General Permit 98-08. The plaintiffs, led by the Wyoming Outdoor Council, claim the statewide permit has allowed water produced as a byproduct of coalbed methane drilling to harm the property of ranchers downstream of CBM wells.

Downes on Tuesday heard from two Wyoming ranchers and on Wednesday from attorneys for the plaintiffs, the Corps and the Petroleum Association of Wyoming.

The environmental groups have taken aim at GP 98-08, which the Corps issued on June 20, 2000, and which "covers surveys, roads, pads, utilities, reservoirs, erosion control and hazardous waste cleanup," said Matthew Bilodeau, a spokesman for the Army Corps in Cheyenne. The permit provides "one-stop shopping" for operators seeking federal authorization for CBM and conventional oil and gas drilling projects across the state.

"As long as they met the criteria of the general permit, they could undertake the activities," Bilodeau said.

Should Downes grant the injunction, it could slow gas and oil development across Wyoming since E&P companies would have to apply to operate under other, narrower federal permits.

"They couldn't use the general permit for the activities it authorizes," Bilodeau said. "There's a number of other national permits they would still be able to make use of, issued out of Washington, that cover roads, pipelines and erosion control."

Dan Heilig, executive director of the Wyoming Outdoor Council, said the plaintiffs are trying to force the Corps to revise GP 98-08 or rescind it altogether. "We're hoping the Corps will follow the law," he said. "They are violating the Clean Water Act and the National Environmental Policy Act. We're asking them to do what's right for the environment and for the people that are being impacted by oil and gas in the

Powder River Basin."

Heilig said that although the permit pertains to all oil and gas production, the coalition is primarily interested in curbing CBM drilling. "The Corps permit, the way it was issued, was to accommodate the coalbed methane industry," he said.

Heilig said that if the plaintiffs are successful in derailing GP 98-08, oil and gas drillers still would be able to seek permits for individual projects. — *Jim Magill, Houston*

BLM approval of 10,000 wells in N.M. draws challenge from ranchers, others

Groups representing American Indians, environmentalists and ranchers last week sued the Interior Department over a decision authorizing nearly 10,000 new oil and gas wells on federal lands in northwest New Mexico — one of the areas the Bush administration has targeted for expanded energy development. The new wells, in an area of the San Juan Basin that already contains 18,000 active wells, would endanger sacred tribal sites, recreation opportunities and ranching operations, the suit, filed Wednesday in U.S. District Court in Washington, says.

"This is a concrete example of the impact of the Bush energy plan on the ground, how it affects people's lives in damaging ways, and the energy bill hasn't even passed," Sharon Buccino, a senior attorney with the Natural Resources Defense Council, one of the groups suing, said in an interview Thursday. The bill (H.R. 6) contains provisions promoting oil and gas development on federal lands. "There are already plenty of administrative decisions having a damaging impact."

The lawsuit claims that the Bureau of Land Management relied on a flawed resource management plan and environmental impact statement for the Farmington, N.M., area in authorizing development of the new oil and gas wells over the next 20 years. Moreover, the suit says BLM has failed to comply with reclamation and other environmental protection measures required under federal law for existing development.

"In emphasizing increased drilling and subjugating other uses to existing mineral leases, the BLM violated environmental statutes and standards by issuing a record of decision without thoroughly analyzing impacts, protecting the environment, balancing gas development with other resource values, or providing adequate information for public review and comment," the suit says.

Among others filing the suit were the Huerfano and Pueblo Pintado chapters of the Navajo Nation and ranchers Tweeti Blancett and Don Schreiber.

"The BLM is approving massive new development, yet they are clearly not able to handle the soil, range, water, air and wildlife impacts that are overwhelming the communities throughout the basin from the existing development alone," Blancett said in a statement Wednesday. "Without intervention, this new development will take place on the backs of ranchers, landowners and residents of this basin."

Robert Gallagher, president of the New Mexico Oil and Gas Association, said the plaintiffs "had every opportunity, just like industry, to provide comments and data" to BLM while it decided on new oil and gas development in the area. "When sound science fails, go to the courts and find relief, that's what they did," he said of the lawsuit's participants. "And, if you're going to a court, get the best relief you can, from a liberal East Coast court."

Gallagher acknowledged that some of the thousands of wells in the basin may operate poorly and cause problems for ranchers and other people. But he said those wells represented a minority and had come under increased scrutiny from inspectors at BLM's Farmington office.

The New Mexico portion of the San Juan Basin covers one of the largest natural gas reserves in North America, the suit notes. BLM estimates that 9,942 new oil and gas wells authorized under its decision would cause an additional 44,300 acres of new surface disturbance, including more than 1,000 miles of new roads. Moreover, the bureau says, an additional 2,500 new wells on non-federal leases are expected in the area.

BLM relied upon assumptions from the New Mexico Institute of Mining and Technology on future oil and gas production in reaching its decision, the suit says, adding, "New Mexico Tech's approach was solely designed to facilitate and expedite increased gas development in the San Juan Basin."

Sen. Jeff Bingaman, D-N.M., who has urged BLM to step up inspections to make sure oil and gas production does not interfere with ranching in the basin, is concerned that the bureau may not be following through on its commitment to take such action, a spokeswoman for the senator said Wednesday. "Unfortunately, President Bush's budget is status quo when it comes to funding inspectors, which leaves Senator Bingaman wondering whether compliance is a priority for this administration," she said. — *Bill Loveless*

IBLA DIGEST

A summary of Interior Board of Land Appeals energy decisions

JAMES J. HOLMBERG, III

IBLA 2001-235 Decided Jan. 28, 2004

Appeal from a decision of the California State Office, Bureau of Land Management, declaring placer mining claims. **Reversed. The requirement to perform assessment work on a mining claim begins with the assessment year commencing on the September 1 following the date of location of the claim. A claimant filing a maintenance fee waiver certification certifies compliance with the assessment work requirements for the assessment year ending on the September 1 that the maintenance fee is due. A decision forfeiting a mining claim for failure to record proof of labor by December 30 for the assessment year ending on the September 1 that the maintenance free was due will be reversed when the claim was located during that assessment year and, hence, no proof of labor was required for that assessment year.**

Copies of IBLA decisions may be obtained by contacting the Interior Board of Land Appeals at (703) 235-3750 or FAX (703) 235-9014.

Key BLM office in Powder River Basin looks to head off legal challenges

The Bureau of Land Management office responsible for much of the all-important Powder River Basin is beefing up its environmental analyses of energy projects in the hopes of making them more bulletproof before potential challenges at the Interior Board of Land Appeals, a staffer with the Buffalo, Wyo., field office said last week.

The announcement comes as BLM's Wyoming state office continues to trade drilling permit approvals with the Buffalo office. The state office has asked the field office to change its decision on several projects.

In the latest instance, the state office for the second time ordered the Buffalo office to amend its plan allowing drilling of 18 coalbed methane wells in Campbell County. The state office said it wanted more analysis on the downstream impacts of the produced water from Williams Production RMT Co.'s plan to drill 10 wells in the county.

The field office staffer said environmental groups, which have challenged a number of permit approvals in the basin, are warning of possible increases in outbreaks of West Nile Virus because of produced water stemming from increased coalbed methane production in the area.

Because environmental groups have been largely successful in their effort to get courts to overturn field office decisions, the Buffalo office is incorporating additional water quality and cumulative impact analyses into its findings, the staffer said.

A spokeswoman for the state office said it expected to act this week on another request that a plan of development be remanded to the Buffalo office.

N.M. governor issues order to block BLM plan allowing Otero Mesa drilling

New Mexico Gov. Bill Richardson is attempting to block a controversial plan by the Bureau of Land Management to lease oil and gas tracts within a grassland area in his state.

On Jan. 31, Richardson, a Democrat, signed an executive order that would impose a moratorium prohibiting the use of pits within the 105,000-acre Otero Mesa grasslands, and require the state to conduct additional reviews of the impact of oil and gas drilling on groundwater in the area.

In the order, Richardson said he was responding to the concerns of ranchers, wilderness advocates and outdoor enthusiasts about the impacts of energy development on the "globally significant ecoregion."

But New Mexico Oil and Gas Association President Bob Gallagher said the final version of the BLM resource management plan governing the area strikes a healthy balance between environmental concerns and multiple-use management of the land.

The RMP estimates that 140 oil and gas wells could be drilled in the area, while at the same time prohibiting leasing in six existing and eight proposed "areas of critical environmental concerns," as well as four wilderness study areas.

Gallagher said Richardson's action falls within his right to conduct state consistency reviews of federal actions that could impact the environment, but "on its face we don't believe state executive orders would impede any progress on Otero Mesa."

The executive order was signed at a rally sponsored by New Mexico Wilderness Alliance that attracted hundreds of activists opposing drilling in the mesa.

HYDROGEN

U.S. set to decide whether hydrogen should be reformed onboard or off

The Energy Department will decide by early summer whether it will push ahead with r&d involving onboard fuel processing for hydrogen fuel cell vehicles.

DOE is weighing whether it is better to move forward with a technology that would process hydrogen obtained at retail pumps onboard a car or truck, or just try to develop infrastructure that would enable companies to sell hydrogen that would be processed and stored at filling stations.

"If DOE says no we're not going to fund [onboard] fuel reprocessing, that's a pretty significant turning point," said Bernadette Geyer, director of outreach programs at the U.S. Fuel Cell Council, an industry trade group.

The department has poured millions of dollars into researching onboard processing, but it says it may be time to pursue another approach. "Based on the current state of technology development, it is uncertain that on-board fuel processing will meet the ultimate technical criteria to support the transition to a hydrogen economy," said a notice published in the *Federal Register* on Wednesday.

Valri Lightner, an engineer in DOE's hydrogen fuel office, predicted the department would eventually drop onboard processing because the technology involves carbon dioxide emissions. He said the technology may provide a bridge solution until a hydrogen processing infrastructure can be established. In the next several months, DOE hopes to answer whether it is worth investing in the interim step of onboard processing.

The agency will rely partly on the National Renewable Energy Laboratory's recommendation; an NREL source said input from industry academia and others in the form of technical papers, due May 15, would be used to arrive at the recommendation.

DOE's goal is to advance r&d far enough so that the industry can make a "commercialization decision" by 2015, the *Federal Register* notice said.

By 2015, industry should have all the information and data it needs to determine what path it will take in commercializing hydrogen-fueled vehicles, the NREL source explained. "That is the year we are aiming for enough progress to be made so industry knows what direction they are headed and can proceed with vigor and confidence," he said.

There are numerous longstanding technical hurdles to the hydrogen economy touted by President Bush last year, with the key concerns storage of hydrogen and the lack of a distribution infrastructure.

A National Research Council report released last week concluded that a hydrogen economy is worth pursuing, but still many decades away. "We are facing a 'chicken and egg' problem that will be difficult to overcome," said Michael Ramage, who led the study. "Who will invest in the manufacture of fuel cell vehicles if there is no widespread hydrogen supply? At the same time, who will invest in facilities to produce hydrogen if there are not enough fuel cell vehicles to create sufficient income for the hydrogen producers?" (*related story below*)

USFCC's Geyer said that while DOE's decision about what types of technologies it will fund is important, automakers will pursue r&d independently in search of the most viable technical approach.

Bush's FY-05 budget would allocate $13.8 million to develop onboard fuel processors, down from $14.8 million in FY-04 and $24.7 million in FY-03; overall, his budget would provide $228 million to develop hydrogen vehicles and infrastructure.

— Daniel Whitten

Bush hydrogen plan should not trump short-term efficiency research: NAS

A transition to a pollution-free, hydrogen economy will take several decades, and should not be pursued as an alternative to short-term efforts to reduce dependence on foreign oil or cut carbon dioxide emissions, the National Research Council says.

In a report prepared by a panel of experts and released Wednesday, the council said, "In the best-case scenario, the transition to a hydrogen economy would take many decades, and any reductions in oil imports and carbon dioxide emissions are likely to be minor during the next 25 years."

In January 2003, President Bush launched a $1.2-billion initiative to reduce U.S. dependence on foreign oil by developing hydrogen-powered fuel cells to run cars and trucks as well as homes and businesses. The administration wants to have the hydrogen vehicles available to consumers at an affordable price by 2020.

DOE should "continue to explore supply and demand alternatives that do not depend on hydrogen," the report says. "If battery technology improved dramatically, for example, all-electric vehicles might become the preferred alternative," the report states. "Furthermore, hybrid electric vehicle technology is commercially available today, and benefits from this technology can therefore be realized immediately."

David Garman, DOE's assistant secretary for energy efficiency and renewable energy, has said that the department's approach is to put the bulk of available r&d money into promising technologies that are not yet commercially viable, leaving it to industry to promote technologies already on the market.

The Bush administration last week asked Congress for $492 million in combined FreedomCAR, Hydrogen Fuel Initiative, fuel cells and infrastructure spending, up 26% from the FY-04 appropriation (*related story p.3*).

DOE took the report as an affirmation of administration energy policies. "This report confirms that the president's Hydrogen Initiative has the long-term potential to deliver greater energy independence for America and tremendous environmental benefits for the world," Energy Secretary Spencer Abraham said in a statement. "We are probably ahead of where the academy thinks we are in integrating our hydrogen work across DOE's programs," he added.

Antonia Herzog of the Natural Resources Defense Council, who was a member of the panel that wrote the report, said the government is placing too much emphasis on long-term technologies and should be funding more things that would make a difference now.

"We simply can't bank on hydrogen alone to cut our dependence on Middle East oil or fix the global warming problem," Herzog said. "We need to make full use of the technologies already available to start saving oil and cutting emissions."

— Daniel Whitten

RESEARCH & DEVELOPMENT

University of Texas sets in motion plan to bid on Los Alamos contract

The University of Texas voted last week to provide $500,000 to fund planning for a potential bid to manage the Energy Department's Los Alamos National Laboratory.

The appropriation, approved Thursday by the UT board of regents, lays the groundwork for the university to prepare a bid before the University of California's agreement to manage the lab expires in September 2005. DOE is expected to issue a request for proposals to operate Los Alamos by this summer or fall at the latest, possibly preceded by a notice soliciting interest from potential bidders.

"The idea is to do as much preliminary work as possible without an RFP. Sometime in the spring or summer, we would anticipate asking [the regents] to go to the next stage" of drafting a bid proposal, a UT spokesman said. "It will put us in a position to make an informed decision." The regents must give final approval to preparing a formal bid, which UT officials estimated could cost up to $6 million.

UT's experience in managing research institutions, its strengths in physics, engineering and chemistry, and its work in such areas as nanotechnology would jibe well with Los Alamos' programs, the spokesman said. He said he doubted that the university's lack of experience in running a nuclear weapons laboratory would prove to be a disadvantage, adding that since DOE only recently decided to open for bids the contracts to run Los Alamos and other labs in the weapons complex, few organizations have such experience.

In addition, the spokesman said, UT would search out potential associates for its bid. "We envision that we would undertake this with one or more industrial or other academic partners who might complement our strengths," he said. The representative said that no discussions have been conducted with potential partners.

The UT representative noted that DOE might provide financial assistance to qualified nonprofit groups, such as universities, to help them compete with large cash-rich companies for lab management contracts. The Secretary of Energy Advisory Board approved a report last December that included this recommendation and forwarded it to Energy Secretary Spencer Abraham (*IE*, 15 Dec, 11), but department managers have provided no indication whether DOE would adopt the policy.

The regents also appointed Charles Sorber, former interim president of UT Arlington, to serve as special engineering adviser to assist with the planning. He will take part in a UT-wide task force that Chancellor Mark Yudof set up to advise the university on the planning process. Sorber coordinated UT's planning several years ago in anticipation of DOE opening for bidding for the contract to manage Sandia National Laboratories — an agreement with Lockheed Martin that the department renewed last year without competition.

The work that UT put into preparing to bid for the Sandia contract could come in handy, the university spokesman said. "The labs are somewhat different in their missions, but we expect that much of that experience will be useful," he said.

The University of California board of regents has not stated publicly whether UC will join the competition to manage the lab but has instructed its managers to proceed as if UC would compete. — *David Jones*

Competition for Idaho lab contracts draws near as DOE drafts requests… *(from page 1)*

extend it by up to five years. The cleanup contract would run for seven years, through 2012.

The nuclear r&d contract would combine the Idaho lab's nuclear r&d with that of Argonne National Laboratory-West, which shares space on the vast site outside Idaho Falls.

Activities envisioned under the cleanup contract include treatment and disposal of radioactive wastes, management of spent nuclear fuel, disposition of excess materials, deactivation and demolition of facilities, and environmental remediation services.

The Idaho Cleanup Project Source Evaluation Board plans to meet with potential bidders later this month.

The newly named Idaho National Laboratory, as it will be called once the new contracts are awarded, will play "a prominent role" in developing, deploying and commercializing nuclear technology as well as revitalizing the nuclear energy option in the United States, DOE said. It will explore the "Next Generation Nuclear Plant" technologies that would both generate electricity as well as hydrogen for transportation and other uses.

"At the same time," Abraham said, "environmental cleanup remains a priority for us in Idaho."

Among the organizations considered likely to bid on the contracts are Bechtel National Inc., BWX Technologies Co. and a consortium of regional universities called the Inland Northwest Research Alliance Inc., which together comprise Bechtel BWXT Idaho, the current management contractor at INEEL.

"While Bechtel BWXT Idaho as an organization will not compete for either contract, the organizations that partnered to form Bechtel BWXT Idaho … intend to compete," a spokesman for BWXT Idaho said Thursday.

Among other likely candidates for the contracts, sources have said, are Battelle, which manages or helps run four other national labs, and the University of Chicago, which operates Argonne National Laboratory.

Battelle is "putting together a team and intends" to bid on the nuclear r&d contract, an official with the nonprofit institute said. A "likely member" of the Battelle team bidding on the Idaho contract is retired Navy Vice Admiral John Grossenbacher, who was President Bush's choice to be chairman of the Nuclear Regulatory Commission until he took a job with Battelle in December, he said.

Fluor Corp., which manages cleanup work at DOE's Hanford Site in Washington and the Fernald Closure Project in Ohio, has also expressed interest in the Idaho lab.

"This is a draft," a Fluor spokesman said of the DOE announcement. "We are interested in the project, but it's a long way from this point to a final request for proposals with the specifics that come in that, so it would be premature for us to comment [further]," he said Thursday.

Washington Group International., which operates DOE's Savannah River Site in South Carolina and whose affiliate runs the department's West Valley Demonstration Project in New York and the Waste Isolation Pilot Project in New Mexico, is eying both the cleanup and nuclear energy r&d contracts.

"We are interested in both contracts, and we are actively talking to a large range of potential teaming partners," a WGI spokesman said Thursday.

"I'm sure those discussions will start becoming more intense. One of the reasons we are interested: both [draft RFPs] are kind of sweet spots for our company. In one form or another, we've been at INEEL when it started, and Westinghouse helped build and design the first naval reactor there. We are very interested in both. It suits us across the board, our desires [and] how well it fits our market. We've been in Idaho 90 years." WGI acquired the Westinghouse business several years ago.

Other companies considered likely candidates for the Idaho lab contracts are: Science Applications International Corp., BNFL Inc., Honeywell International Inc., General Atomics, Shaw Environmental & Infrastructure, U.S. AREVA Group, Lockheed Martin Corp., Burns & Roe Enterprises Inc., The Parsons Corp. and Entergy Nuclear Inc.

The draft RFP for nuclear r&d management (DE-RP07-031D14517) will be available at *http://www.INL-RFP.gov*, DOE said. The draft RFP for the cleanup contract (DE-RP07-03ID14516) will be at *http://www.id.doe.gov*. — *Shawn Terry*

Ridge asked to withdraw DHS limits on research contracts for DOE labs

The Homeland Security Department is treating the Idaho National Engineering and Environmental Laboratory and eight other Energy Department labs unfairly by restricting their ability to compete for DHS r&d contracts, members of Idaho's congressional delegation said in a recent letter. The lawmakers also suggested some of the DHS personnel deciding on the DOE labs' status may have been guilty of conflicts of interest.

Sens. Larry Craig and Mike Crapo and Reps. Mike Simpson and C.L. "Butch" Otter, all Republicans, asked Homeland Security Secretary Tom Ridge to "remedy the error" and "investigate any conflict of interest at play here," saying in a Jan. 30 letter that Congress intended that the national labs would "compete freely" for DHS work when it created the department in 2002.

> *These guidelines are highly exclusionary and are in direct contrast to the principles of a level playing field ... .*
>
> **— Letter from Idaho lawmakers to DHS**

The Idaho delegation is the latest state group of lawmakers to raise such a complaint with DHS. In December, New York's delegation protested the guidelines for their impact on Brookhaven National Laboratory, a DOE facility on Long Island.

"These guidelines are highly exclusionary and are in direct contrast to the principles of a level playing field and equal access to opportunity that DHS had committed to adopt," the Idaho lawmakers said.

In addition to INEEL and BNL, the other national labs on DHS's restricted list are Argonne, Lawrence Livermore, Los Alamos, Oak Ridge, Pacific Northwest and Sandia. DOE's Remote Sensing Laboratory also made the list.

"Much more disturbing, however, is the strong appearance of conflict of interest inherent in these guidelines," the Idaho lawmakers said. "In staffing the new Science and Technology Directorate, DHS, of necessity, had a strong reliance on detailees and loaned personnel from the U.S. Department of Energy and its national laboratories. These personnel, some of whom have subsequently become DHS employees, were involved in the development and issuance of these guidelines. It is possible to draw a troubling correlation between former and family organizational ties, and the list of national labs that are "in" or "out" — or to use DHS terminology, "intramural" and "extramural."

DHS deemed intramural r&d programs those that could be served by government-operated organizations and extramural programs those best suited for execution by private entities. In a Dec. 16 memo, DHS told directors of the nine DOE labs on the restricted list that they would not be eligible for competitive r&d contracts at DHS because they have "internal planning information that could provide [them] with an unfair competitive advantage.

"Institutions such as the INEEL, and the other DOE national labs that were left off the list, are world class research centers that can provide a tremendous return on the investment of DHS research dollars," the Idaho lawmakers said. "These researchers ask only for the opportunity — the real opportunity — to compete for this research." — *Bill Loveless*

DOE pins hopes on souped-up computers for answers on climate change, fusion

The Energy Department is planning to boost the computing power available to its energy programs while it works to build the world's fastest calculating machine, discussions with DOE officials and department documents show.

DOE's Advanced Scientific Computing Research office would receive a $2-million budget increase under President Bush's proposed FY-05 budget (*related story p.4*). In contrast to the department's individual science program offices for basic energy, fusion energy, biological and environmental research, nuclear physics and high energy physics, the advanced computing program cuts across all these activities through the Scientific Discovery through Advanced Computing, or SciDAC, program.

SCiDAC's goal is to achieve "breakthrough scientific advances via computer simulation that were impossible using theoretical or laboratory studies alone," according to a DOE budget document. The department is using computers to create models, or is planning to create models, on climate change, nanotechnology, genomics, burning plasma fusion and combustion.

At the same time, the advanced computing program is working to construct the next generation of super computers with the goal of overtaking Japan's Earth Simulator, a climate modeling system that ranks as the world's fastest computer with 25 teraflops sustained speed and 40 TF peak speed. A teraflop is 1 trillion arithmetic calculations per second.

Department scientists believe they can build a computer reaching 50 TF sustained speed, DOE science director Raymond Orbach recently told *Inside Energy*. The department is still considering what shape the U.S. supercomputer's architecture — its memory, circuits and so forth — will take, he said, and it might end up looking far different from the Earth Simulator.

DOE laboratories and private companies are teaming up to experiment with various architectures, Orbach noted. Pacific Northwest National Laboratory and Hewlett Packard, for instance, have joined to fire up the fastest unclassified computer in the country and the fifth fastest in the world at 11.8 TF, and will continue their work on so-called next generation architecture. Other alliances include Oak Ridge National Laboratory and Cray Inc., and Lawrence Berkeley National Laboratory and IBM.

Orbach said the department's next generation architecture program goes beyond a need for speed. Simulating complex processes, such as a burning plasma to generate fusion energy, will require vast powerhouses of computing resources, he noted.

The decision where to build the U.S. entry in the race for fastest computer will be made through a competitive bidding

Lab reports progress on Web-based system aimed at reducing power demand . . . *(from page 2)*

Environmental Energy Technologies Division.

The California Energy Commission funded the tests, which were conducted Nov. 12 and 19. The five buildings previously had received CEC funding during California's energy crisis in 2000-01 to upgrade their automated energy controls.

Other systems have tested demand response systems, Piette noted. New York's transmission grid operator, for instance, conducted an experiment in 2002 that sent signals to electricity users encouraging them to curtail use in response to price increases. But a recent Energy Department evaluation of the program found that few customers took advantage of automated systems to shed load.

The XML project was the first to test a technology providing fully automated demand response in large buildings through two-way communications, Piette said. XML sent consistent, fictitious price signals of $.10 per hour to the five buildings for most of the two-week test period. It also checked every five minutes to make sure the signals were being received.

When XML sent a mock price spike to the buildings on Nov. 12, some bugs appeared. At two sites gateway boxes went offline and had to be reset, and three of the five buildings failed to shed load in response to the price increase. But a second trial run a week later went off smoothly.

"All the sites were successful the second time. All shed their load without anyone touching anything" after the price was boosted to $.30 per hour, and they further reduced demand when the price hit $.75 per hour, Piette said. The XML system allowed LBNL researchers to follow the load shedding as it occurred. Preliminary figures from the test showed that, altogether, the buildings dropped about 10% of their power loads.

Also significant was the experiment's success in sending load-shedding signals to a variety of energy-management systems, Piette said. Building energy management typically is handled by systems manufactured by industry giants like Honeywell, Johnson Controls and Trane, she noted, and the test showed that demand-control technology is compatible with existing machinery.

The test illustrated the "potential for flattening overall system load," she said, which could prove especially useful on hot days when buildings with large air-conditioning systems tend to tax the grid and prices soar. By moderating demand during these "peak" periods, "annual costs could go down on everybody's bill," Piette said.

In addition, automated demand response avoids the need for companies and agencies to train workers and send them out to shut off power manually during an energy crisis. "If a power plant or transmission line goes down, [demand response] signals can quickly reduce power demand as well as the likelihood of a full-scale outage," according to a Berkeley lab statement. "Some experts on the electrical grid believe that a system with automatic demand response could have avoided the blackout in the eastern U.S. and Canada on August 14, 2003."

There are potential risks. An automated demand-response system without a human fail-safe device might curtail essential services at exactly the wrong time, though the Berkeley lab technology gives operators the chance to opt out.

Berkeley lab scientists are now sifting through the data generated from the November test. The next step will be to recruit new participants to conduct the experiment on a larger scale with more buildings, preferably during warm weather this summer, Piette said. — *David Jones*

NEWS IN BRIEF

U.S., Europe team on climate change

U.S. and European scientists, meeting in Bologna, Italy, have assembled a catalog of activities on climate-change science and technology research, including capturing carbon, assessing the role of aerosols in climate change and developing international codes and standards on hydrogen technologies and infrastructure.

Participants, including representatives from the Energy Department, also "discussed additional areas of cleaner energy technology cooperation, including renewable sources of energy and energy efficiency," according to a joint U.S.-European Commission statement Monday.

$191.5M freed for heating aid

The Bush administration last week released $191.5 million in Low Income Home Energy Assistance funds to states to help poor residents pay their heating bills.

"January was a particularly cold and difficult month in many states," said Health and Human Services Secretary Tommy Thompson. Overall, HHS has distributed nearly $1.65 billion this winter out of a $1.8-billion budget.

Proceeds rise in BLM Wyo. auction

The Bureau of Land Management raised $7.2 million in an oil-and-gas lease sale in Wyoming on Wednesday.

The proceeds exceeded those of BLM's recent auctions in the state, including $5 million generated at the last one two months ago, a spokeswoman for the bureau's Cheyenne, Wyo., office said. BLM sold 85 parcels containing 75,406 acres out of 96 parcels and 84,593 acres offered.

The next lease sale is scheduled for April 6 in Cheyenne.

LBNL breaks ground on nanotech site

Lawrence Berkeley National Laboratory has begun constructing the Molecular Foundry, one of five nanotechnology research centers slated to be built at Energy Department laboratories this decade.

The six-story, $85-million Molecular Foundry will include six research facilities for scientists around the world to study such topics as inorganic nanostructures, biological nanostructures and polymer/biopolymer synthesis. Construction on the center is expected to be finished in 2006.

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Agenda *(Subject to change)*

Sunday, March 28

6:30 p.m. Welcome Reception, Aquarium of the Americas
(Registration resumes at reception)

Monday, March 29

8:00 a.m. Registration and Continental Breakfast

9:00 a.m. The Changing Stakeholders: Matching Business Strategy with Ownership Models

11:00 a.m. The Regulatory Environment: Targeting Opportunities Amidst Uncertainty

12:30 p.m. Lunch and Keynote
Patrick Henry Wood, III, Chairman, Federal Energy Regulatory Commission

2:00 p.m. Assessing Risk in a Changing Market

4:00 p.m. Reviving Underperforming Assets

5:30 p.m. Cocktail Reception

Tuesday, March 30

8:00 a.m. Registration and Continental Breakfast

9:00 a.m. Light at the End of the Tunnel: Write-offs, Rollovers and Recovery

11:00 a.m. Financial Round Table

2:00 p.m. Adjourn

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